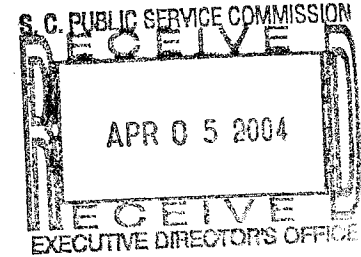


DIRECT TESTIMONY  
OF  
JOHN I. ROGERS, III  
ON BEHALF OF  
MADERA UTILITIES, INC.  
DOCKET NO. 2003-368-S



Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is John I. Rogers, III. My address is 1500 Davids Pond Road,  
Bennettsville, South Carolina.

Q. WHAT IS YOUR CONNECTION WITH THE APPLICANT, MADERA  
UTILITIES, INC.?

A. I am Vice President and Secretary of the Applicant, Madera Utilities, Inc.

Q. WHAT IS THE PURPOSE OF YOUR TESTOMONY IN THIS  
PROCEEDING?

A. The purpose of my testimony is to describe briefly the wastewater services  
provided by the company and to explain the reasons for the requested rate  
increase.

Q. DESCRIBE BRIEFLY THE OPERATIONS OF MADERA UTILITIES, INC.

A. Madera Utilities, Inc. is a South Carolina Corporation organized in 1986 to own  
and operate water and wastewater systems for the general public. On April 7,  
1987, the Commission approved the transfer of the right to operate the sewer  
system serving Heatherwood Subdivision in Pickens County to Madera.  
Madera did not acquire ownership of the property involved. Madera serves  
approximately one hundred and twelve (112) residential customers.

Q. WHEN WERE THE COMPANYS CURRENT SEWER RATES

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ESTABLISHED BY THE COMMISSION?

- A. The current rate of \$17.50 monthly was established by this Commission in Order No. 90-31 dated January 12, 1990.

Q. WHAT INCREASES ARE BEING SOUGHT BY THE COMPANY IN THIS PROCEEDING?

- A. The Company is proposing a monthly sewer rate of \$74.40 for all customers.

Q. WHAT IS THE TOTAL AMOUNT OF ADDITIONAL MONTHLY REVENUES REQUESTED BY THE COMPANY IN THIS PROCEEDING?

- A. Based on the numbers as of December 31, 2002, the Company seeks additional operating revenue of \$77,840.00.

Q. WHAT IS THE JUSTIFICATION FOR THE PROPOSED RATE INCREASES?

- A. The most recent rate charged by Madera Utilities was approved fourteen years ago. There have been no increases in revenues to meet increasing operating expenses since that time. The amount of customers on the system has remained fairly stable over this period of time with no customer growth to offset the normal inflationary increase in operating expenses and maintenance costs.

In addition to increased operating and maintenance costs, the Company will be required by the Department of Health and Environmental Control (DHEC) to close the existing lagoon at Heatherwood and that the wastewater be diverted to wastewater treatment facilities of Pickens County or the City of Clemson which will necessitate the construction of a lift station and line at a projected cost of \$134,000. The Company has also been informed by Clemson that the

system must be improved and modernized at a projected cost of \$180,000 in order to be connected to the City system. The Company has found that these projections are accurate and necessary. These necessary capital expenditures cannot be financed based upon our operating experience in the twelve month period ending December 31, 2002.

**Q. IN YOUR OPINION, ARE THE PROPOSED RATE INCREASES NECESSARY FOR THE PROVISION OF ADEQUATE AND SUFFICIENT SEWER SERVICE TO THE COMPANY'S CUSTOMERS?**

**A. Absolutely, the Company cannot continue to operate at a loss and continue to provide adequate and reliable sewer service to its customers. The proposed rates and charges will produce an operating margin of .019% which will enable the Company to attract the necessary capital to provide for the needed and required system improvements and maintain the level of service expected by this Commission, the City of Clemson and DHEC.**

**Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

**A. Yes, it does.**